

**Detroit Lakes Development Authority
Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Section 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

B) With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

- 2) In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
 - 3) The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- A) The following minimum requirements must be met in order for businesses to be eligible for a business subsidy. Note: the grantor of a business subsidy may deviate from the criteria as permitted by applicable law.

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1. The subsidy will leverage other funds at a minimum of 1 to 1;
2. One job shall be created for each \$15,000.00 requested;
3. The minimum wages for jobs created shall equal or exceed Federal Minimum Wage;
4. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy, as permitted by applicable law.

Adopted by: Detroit Lakes City Council

Date of adoption: April 22, 2003

Date of public hearing: April 22, 2003